Administration de pilotage des Laurentides

Laurentian Pilotage Authority

Canada

ANNUAL REPORT 2024

ANNUAL REPORT 2024

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Highlights in 2024

In an ever-changing environment, the Laurentian Pilotage Authority has been synonymous with excellence and exceptional results for Canadians.

21,474
Assignments
21,734 in 2023

99.96%
Incident-free assignments
99.13% in 2023

6,889
Number of voyages
6,946 in 2023

99.97%
Service efficiency
99.97% in 2023

$118.2M
Revenues
$115.3M in 2023

72
Employees

2
High-profile incidents where the LPA played an active role in ensuring the safety and continuity of marine trade

MESSAGE FROM THE CHAIRPERSON OF THE BOARD OF DIRECTORS

The Laurentian Pilotage Authority is responsible for providing safe and efficient marine pilotage services in the waters of the St. Lawrence River, the Gulf of St. Lawrence, and the Saguenay River. In 2024, the Authority has facilitated the passage of nearly all of the 150 million tonnes of cargo and 200,000 cruise ship passengers that used the St. Lawrence corridor.

I am honoured and delighted to join this organization as Chairperson of the Board of Directors. In taking on this role, I am conscious of the critical work we do to support one of the most important links in Canada's supply chain. During this period of economic uncertainty, our efforts, along with those of our partners, are essential to ensuring Canada's commercial prosperity.

Since my arrival, I have been impressed by the dedication and expertise demonstrated by our team. The work accomplished is of a high standard, and the commitment to our mission is evident in every respect. The Authority is supported by a talented and passionate team that makes a real difference in how the Authority engages with our clients, partners, and counterparts around the world. At the same time, I am also aware of the complex challenges facing our organization. We are confronted by a dynamic and turbulent business environment, changing meteorological patterns that have a tangible impact on our operations, and evolving demographics that pose challenges for employers everywhere across the country. The pace of technological change is both an opportunity and a challenge, providing us with the means to innovate, while also pushing us to adapt and evolve. In this regard, we are currently developing a new 2025-2029 strategic plan. Targeted strategic initiatives, including key partnerships and innovation projects, will be implemented to mitigate the challenges we face and ensure the long-term sustainability of our organization.

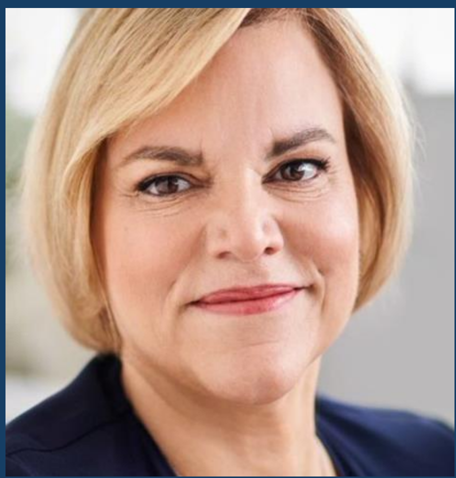
As we deploy our strategy, I am confident that the strenght of values - integrity, excellence, collaboration, and progress - will be key to addressing the challenges we face and ensuring our continued success. These values will help us progress, building on the foundations laid by those who came before us.

To this end, I would like to thank Mr. Julius Spivack, who served as interim Chairperson of the Board of Directors, and my colleagues on the Board of Directors. I would also like to express my gratitude to our employees, pilots, and partners for their dedication and commitment to the Authority, as well as to all those who helped facilitate my transition in my new role and that of new Board members. Your cooperation and advice have been invaluable, and I look forward to continuing to work closely with you!

To the Honourable Chrystia Freeland, Minister of Transport and Internal Trade, and our valued colleagues at Transport Canada, we sincerely thank you for your collaboration and trust.

Together, we can continue to advance the Authority's role as a key link in the supply chain and bring positive change to the communities we serve.

Marie-Claude Cardin, CPA, ICD.D
Chairperson of the Board of Directors



MESSAGE FROM THE CEO

As we look back on the year 2024, I commend the professionalism, commitment, and resilience demonstrated by the Laurentian Pilotage Authority's team. During the past year, we managed more than 21,000 assignments, with an exceptional safety and efficiency record that would be the envy of any organization. This performance is a testament to the dedication of our people, who demonstrated an undeniable commitment to excellence throughout the year, including during two high-profile marine incidents and significant workforce disruptions in the marine sector.

Our success is also due to the strategic investments we made to strengthen the resilience of our pilotage system and the collaboration with our operational allies. Last year, we invested in modernizing customer services, concluded successful contract negotiations with our commercial partners and pilots, and improved marine crew training, all of which ensured the efficiency and reliability of our services. Our ability to deliver on our commitments, even in the face of adversity, is a direct result of these ongoing efforts.

Additionally, we are living an exciting time with the commercialization of our simulator that brings benefits to navigation safety and our clients. Our optimized pilotage service has entered its testing phase and aims to reduce transit times, costs, and environmental impact. We have also automated under-keel clearance calculations to improve the speed and reliability of our advice, helping our clients optimize their operations in the corridor.

Looking to the future, we have adopted a sustainable development action plan to ensure the long-term resilience of our services. Among the first steps taken is the implementation of a new financial report on the impact of climate change on our activities and concrete measures to reduce emissions. In particular, we have introduced electric and hybrid vehicles for our land transportation at the Port of Montreal, underscoring our commitment to environmental responsibility and operational efficiency.

In addition to these environmental initiatives, we have also successfully rebuilt our financial reserves, a prudent measure in the current geoeconomic landscape. These efforts will ensure the continued quality and reliability of our services, which are essential for connecting Canada's industrial heartland to the rest of the world and for providing critical resupply links to Newfoundland and Labrador as well as Canada's most remote and Arctic regions.

We recognize that our goals cannot be achieved in isolation. We remain committed to collaborating with Indigenous and local communities, aligning our efforts to achieve common goals. Our scholarship program, which fosters growth and opportunities for future generations, is but one inspiring example.

While these accomplishments are significant, we remain committed to evolving our approach to ensure the continued relevance of the pilotage system. Last year, we deepened our research collaborations with leading universities and research centres in Canada and around the world. These partnerships are essential to better understanding the factors that affect our work, whether they be natural forces such as underwater currents, evolving labour market, or emerging technologies like artificial intelligence (AI) and remote pilotage systems. Guided by our legislative mandate to serve the public interest, the Authority will continue to advance knowledge, ensuring we remain at the forefront of navigational safety and efficiency.

Once again, I wish to express my deep gratitude to the employees of the Authority. Your professionalism, commitment, and agility have been essential to our success. For the fifth consecutive year, we have been recognized as an employer of choice, and this achievement is a direct result of your incredible work. The leadership of each of our employees in carrying out our mandate is essential, and we will continue to prioritize development opportunities, particularly through a promising new learning partnership with the Canada School of Public Service.

Thank you to the entire team for your creativity and exceptional contributions. Your dedication helps the Authority move forward. We will continue to work together to ensure a safe, resilient, and efficient pilotage system for our marine corridor.

Marc-Yves Bertin
Chief Executive Officer

MANDATE, PUBLIC INTEREST ROLE AND VISION

Created in 1972 under the *Pilotage Act*, the Laurentian Pilotage Authority ("LPA" or "Authority") is responsible for providing marine pilotage services in the waters of the St. Lawrence River, the Gulf of St. Lawrence and the Saguenay River. It is responsible for all aspects of compulsory pilotage services, making it a turnkey organization.

MANDATE

The legislative mandate governing the activities of the LPA's activities is based on the following four principles:

- Pilotage services are provided efficiently and effectively.
- The provision of services promotes and contributes to the safety of navigation, including the safety of the public and marine personnel; and the protection of human health, property and the environment.
- Efficient use of risk management tools that take technological innovations into account.
- Charges are set to ensure financial self-sufficiency.

The LPA is a federal Crown corporation under the *Financial Administration Act* and is accountable to the Parliament of Canada through the Department of Transport.

PUBLIC INTEREST ROLE

The LPA is a key instrument of public policy in supporting the resilience and sustainability of the Canadian supply chain. Its services help ensure Canada's economic prosperity, the quality of life of Canadians and the protection of our great natural endowment.

By facilitating the movement of virtually all of the 150 million tonnes of cargo and 200,000 cruise ship passengers that use the St. Lawrence corridor every year, the LPA is a key component of a safe and efficient marine transportation system linking Quebec and Ontario to world markets. It also ensures the economic security of Newfoundland and Labrador and Arctic communities.

VISION

To be a leader in managing a resilient, smart, and sustainable pilotage service as an important link in Canada's supply chain, leveraging human expertise and technological innovation, and empowered by inclusive partnerships.

ORGANIZATIONAL VALUES

Here are the LPA organizational values that enable us to have a major impact in achieving our mission.

Integrity

We place the public interest at the heart of all our actions and decisions by being fair and objective.

Collaboration

By combining ideas and talents, we achieve our common goals of offering robust, efficient and sustainable solutions.

Excellence

Our ambition is to achieve excellence for the benefit of our clients.

Progress

Individually and collectively, we propel the LPA into the future.

Administration de pilotage des Laurentides Laurentian Pilotage Authority

Map of compulsory pilotage districts and territorial waters

DESCRIPTION OF ACTIVITIES

To fulfil its mandate, the LPA has established three compulsory pilotage districts covering an area of over 265 nautical miles between Montreal and Les Escoumins, and another 70 nautical miles on the Saguenay River. Ships are subject to compulsory pilotage based on several criteria established through regulation. In the case of ships not registered in Canada, all ships over 35 metres in length are subject to compulsory pilotage in the three districts. For Canadian-registered ships, this obligation varies according to the size of the ships and the pilotage districts.

The provision of pilotage services entails a series of precise activities that must be meticulously orchestrated by LPA employees. In carrying out its mandate, the Authority must:

1. Define the risks associated with certain types of ships as part of its planning for transit and pilot assignments;
2. Determine the acceptable parameters for their navigation in a busy channel whose natural environment is increasingly challenged by climate change;
3. Adapt risk mitigation measures and technologies to each ship before assigning a transit mission;
4. Align workforce needs (dispatch, navigation crew, etc.) with current and future demand, including recruitment and training programs for apprentice pilots.

The LPA dispatch centre, located in the Montreal headquarters, is the nerve centre for pilotage services. The centre is responsible for calculating transits for each ship, and organizing the assignment, transport and transshipment associated with each mission. The dispatch centre serves all three districts and is operational 24 hours a day, 365 days a year.

To transfer each licensed pilot from shore to ship or from ship to shore, the LPA uses five pilot stations, located in Les Escoumins, Quebec City, Trois-Rivières, Sorel and Montreal. They are forward bases for deploying pilots to and from ships operating in the compulsory pilotage area. They comprise a fleet of pilot boats and are operated by the dedicated crews of the LPA and subcontractors who meet the constant demands of the marine trade, 24/7 year-round.

Nearly 220 licensed pilots and apprentice pilots work for the Authority to maintain safe navigation on the capricious and difficult waters of the St. Lawrence River.

Three other pilotage authorities provide similar services in Canada in each of the regions under their jurisdiction: the Atlantic, the Great Lakes and the Pacific.

THE PAST YEAR IN FIGURES

RESULTS SUMMARY AND STATISTICS

Effective and efficient management of public funds.

A numerical analysis of the LPA's overall results compared to previous years. The results should be consulted in conjunction with the audited financial statements and accompanying notes.

Fiscal year ended December 31 (in thousands of dollars)

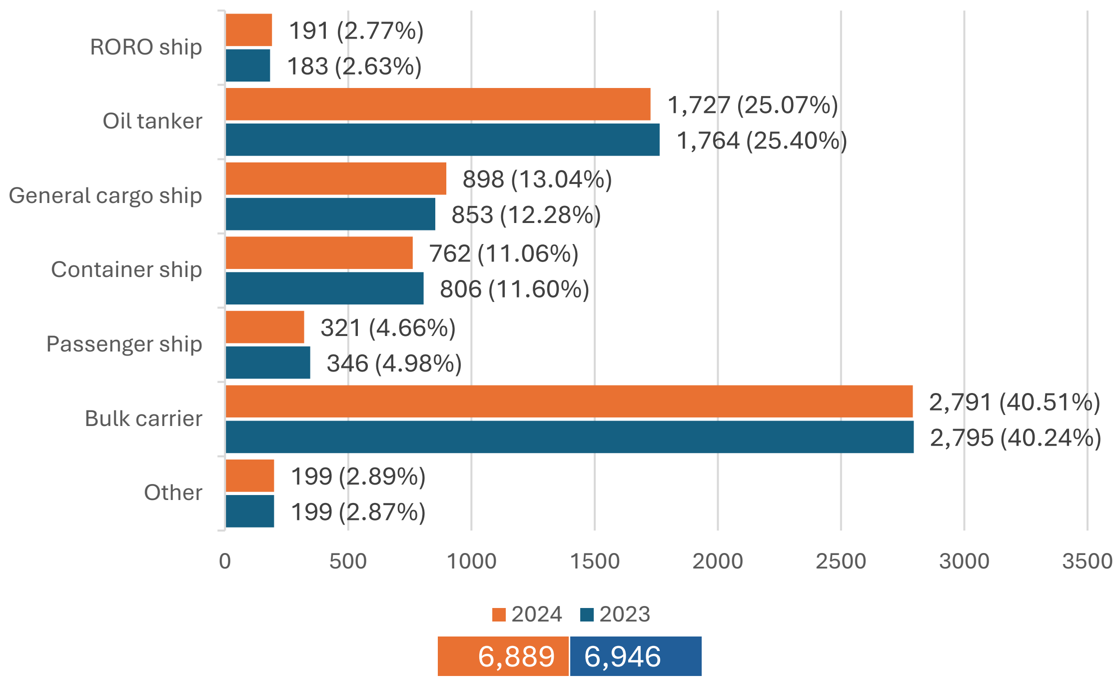
	2024	2023	2022	2021	2020
Revenues	$118,213	$115,314	$108,177	$98,914	$93,971
Expenses	$117,189	$114,821	$107,551	$100,269	$96,535
Comprehensive income	$1,024	$493	$626	$(1,355)	$(2,564)
Working capital	$6,670	$4,197	$6,039	$11,321	$11,370
Retained earnings	$27,664	$26,641	$26,148	$25,522	$26,877
Number of assignments	21,474	21,734	22,115	21,153	21,215

LEVEL OF SERVICE

Our pilotage system brings fluidity and reliability to marine traffic and the supply chain.

For the year 2024, the number of assignments and transits, the traffic composition, and service efficiency rate remained relatively unchanged. Significantly, only 0.2% of recorded transit delays were caused by a lack of pilot availability.

Number of voyages performed by type of ship

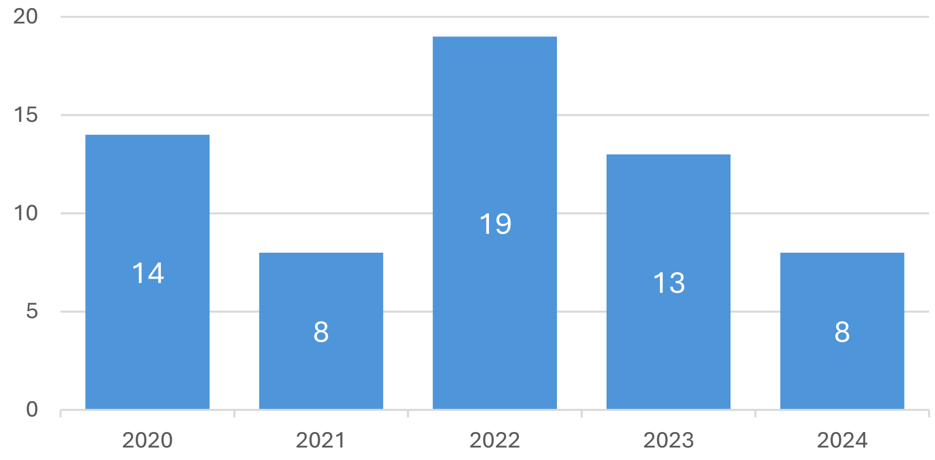


SAFETY AND MARINE OCCURRENCES

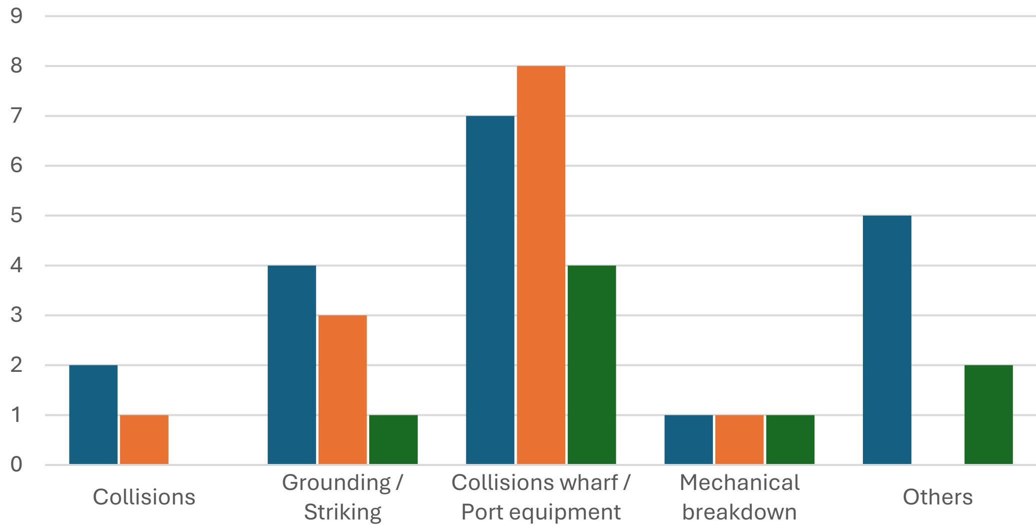
A steady hand at the helm.

Last year, the LPA was a first responder during major marine incidents and played a key role in protecting the environment and local communities. Our safety record remained exemplary, with 99.96% of our missions completed without incident.

Number of incidents / accidents



Breakdown of the number of incidents / accidents by cause



	Collisions	Grounding / Striking	Collisions wharf / Port equipment	Mechanical breakdown	Others
2022	2	4	7	1	5
2023	1	3	8	1	0
2024	0	1	4	1	2

ACHIEVEMENTS IN 2024

NEW ADDITIONS TO THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT

In the past year, two new members joined the LPA's Board of Directors. Marie-Claude Cardin was appointed as the new Chairperson, while Georges Farrah was introduced as a Director. These two new members bring a wealth of experience and fresh perspectives to the Authority's governance and strategic vision.

Antony Sébastiampillai and Daniel Jodoin have joined the LPA's senior management team, respectively as Chief Finance and Administration Officer, and Chief Innovation and Marketing Officer. Having worked in the marine sector for many years, both men have in-depth knowledge of the industry and its issues, as well as a long track record as managers.

REGULATORY DEVELOPMENTS

The update of the *Pilotage Act* led to the transfer of regulatory powers from the country's four pilotage authorities to Transport Canada ("TC"). In this context, the LPA continued its close collaboration with TC to develop the national regulatory framework in which the sharing of responsibilities between the two parties continues to evolve. TC's development of a regulatory framework for the deployment of management systems is still underway. In anticipation of the new regulations, the Authority has undertaken to map its main operational processes.

Meanwhile, regulations governing ship operations were adopted by the Government in June 2024. The LPA is currently implementing management systems for the operation of its pilot boats, which are expected to be certified later in 2025, with an official launch scheduled for 2026.

The LPA collaborated with Transport Canada in its consultations with various stakeholders at the ports of Baie-Comeau, Sept-Îles, Port-Cartier and Havre-Saint-Pierre, and continued its efforts to be ready to provide services should the Government take steps to institute a compulsory pilotage regime.

SUSTAINABILITY

The LPA recently adopted its first sustainable development policy and governance structure, marking an important step towards more responsible management of the environmental impact of its activities. As part of this initiative, the Authority is committed to setting greenhouse gas (“GHG”) emission reduction targets, in support of the federal government’s goal of carbon neutrality by 2050.

In addition, this year, the Authority produced its first statement in response to the recommendations of the Task Force on Climate-Related Financial Disclosures (“TCFD”). This statement (Appendix A) will continue to evolve as the LPA’s understanding of climate-related risks and opportunities deepens, and further integrates these considerations into its governance. Information concerning the GHG emissions resulting from the LPA’s main activities for the year 2024 is also published in this same Appendix and will serve as a reference in defining the organization’s carbon footprint management efforts.

The drafting of a sustainable development action plan undertaken by the Authority will be finalized at the beginning of 2025, followed by the deployment of initial actions including the addition of new concrete commitments in its procurement policy.

Furthermore, the LPA addresses the environmental impacts of its operations, including the impact of underwater noise on marine species, as part of its environmental certification awarded by the Canadian Green Alliance; which it renews each year.

COMMITMENT TO INDIGENOUS COMMUNITIES

The LPA is aware of the importance of engaging in an informed and constructive dialogue with Indigenous communities interested in or affected by its activities along the St. Lawrence marine corridor.

In 2024, the LPA identified the need to develop a more comprehensive engagement and partnership plan with Indigenous communities aimed at taking into account the realities and interests of communities that may be affected by its activities. This plan, which is expected to be deployed by the fall of 2025, will primarily focus on raising awareness among the organization’s managers to ensure that Indigenous issues and concerns are appropriately considered in the Authority’s strategic decisions.

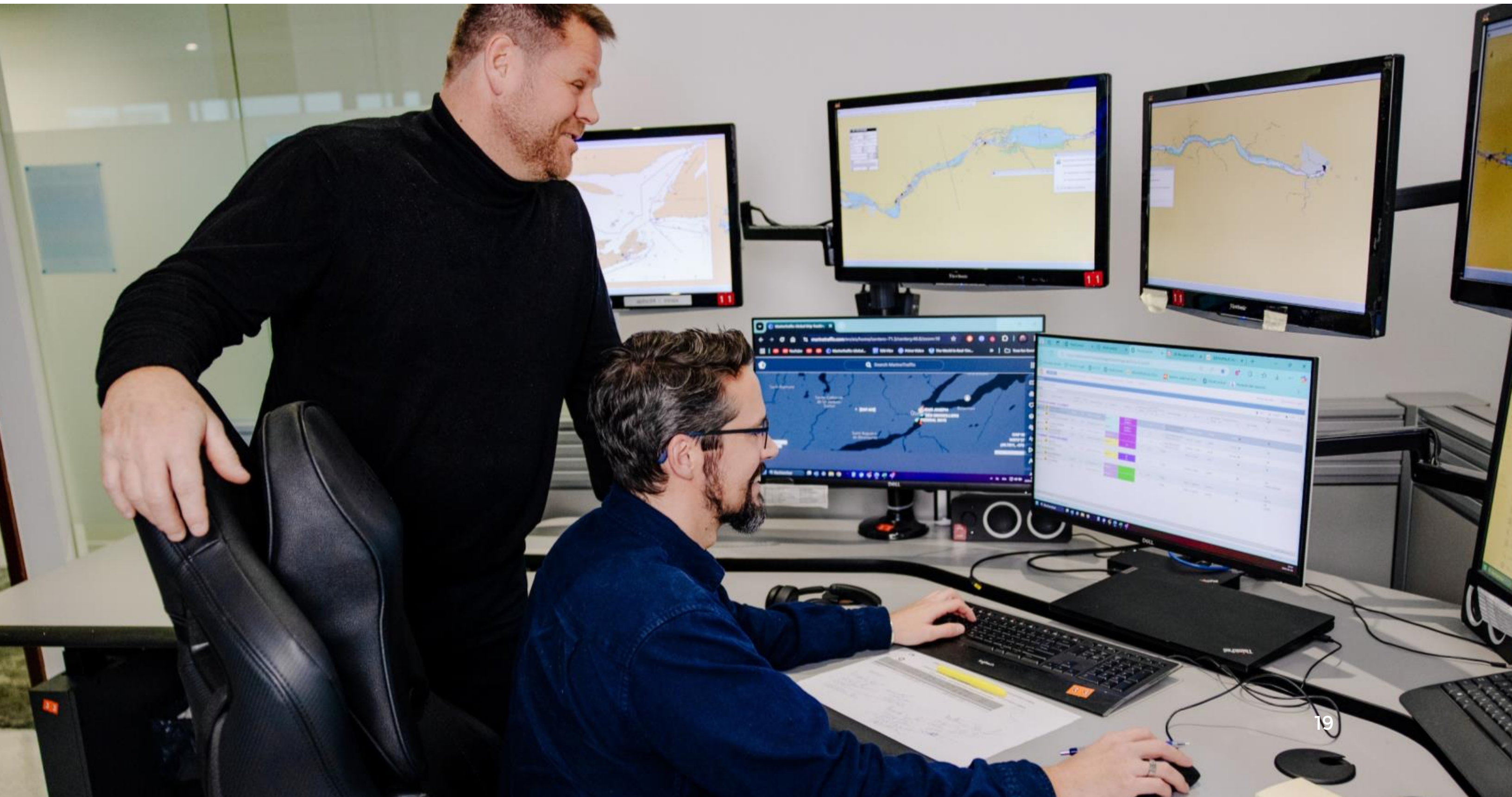
OPTIMIZED SERVICES

A plan to optimize dispatch services was launched in 2024. Over the past year, the stages of the dispatch process have been mapped, operational challenges identified, and areas for improvement formulated. Areas for improvement include call and data management, standardization of working methods, and centralization of communication tools. Other avenues aim to strengthen ongoing team training, improve the accessibility of documentation, and optimize resource planning and pilot dispatch.

One of the main objectives of our dispatch service is to support efficient transit management. The development of Optimized Pilotage Services (OPS) was launched to improve this service, identifying the best passage windows based on the real-time calculation and alignment of administrative, regulatory, and physical data. Ultimately, the resulting optimization will allow the LPA's customers to reduce their ships' fuel consumption, greenhouse gas emissions, and time spent at idle. In 2024, new features were added to the system, such as dock availability and the new VN-301 chart information was integrated to address wider and longer ships navigating in riskier areas. Partnerships have been established with selected shipowners to test the software's performance and robustness before its planned deployment in the fall of 2025.

To ensure smooth service to shipowners in the busiest port in our sector, the LPA has maintained and greened its shuttle system for the Port of Montreal. Operating 24 hours a day, 7 days a week, this service includes both sea and land transportation. A river shuttle ensures the fluidity of assignments for our customers by avoiding road traffic to access ship embarkation points. From April 8 to December 1, 2024, 2,558 trips were made between Saint-Lambert and Pointe-aux-Trembles. For its part, the intra-port shuttle service made 1,766 trips with a new fleet of environmentally friendly vehicles.

More broadly, the LPA continued its review of the transshipment services offered between Les Escoumins and Montreal, with an emphasis on efficiency, sustainability, and resilience. The Authority will continue to pay constant attention to these services to ensure their continuous improvement and standardization.



In order to maintain predictable navigation services, the service contract with licensed pilots in districts 1 and 1.1 was extended twice – each time for a one-year term. This agreement will expire on June 30, 2025. For its part, the service contract with the licensed pilots in district 2 expired on December 31, 2024. Negotiations between the two parties were initiated during the fall of 2024. Lastly, the collective agreement of employees who are members of the Public Service Alliance of Canada ("PSAC") was renewed for an additional year in the summer of 2024. This agreement will expire on June 30, 2025.

WORKFORCE CHALLENGES WITHIN THE MARINE INDUSTRY

Like many other players in the marine ecosystem, the LPA is currently facing challenges with respect to its specialized labour. To ensure the efficiency and sustainability of pilotage services, it must prepare new talent to fill the positions that operate and maintain its pilot boats, as well as deliver dispatch services. It must also ensure that the number of pilots and apprentice pilots is sufficient. To meet this challenge, the Authority participated in analysis of workforce issues facing the Canadian marine industry, addressing both the nature of the positions and the gaps to be filled. The LPA also actively contributed to the regionally focused work of the Comité sectoriel de la main-d'œuvre de l'industrie maritime (CSMOIM).

More specifically, the LPA recruited two apprentice pilots for District 2. Three pilots have completed their apprenticeships in accordance with the Authority's requirements and obtained their pilotage licenses. These additional resources will serve to maintain the number of licensed pilots needed to ensure the fluidity of marine transportation over the short to medium term.

With market changes in the marine industry, apprentice retention has proven to be a challenge. With its partners, the Authority has been searching for answers to explain this phenomenon. In 2025, the LPA has already planned to recruit two apprentice pilots for district 2 and one apprentice pilot for district 1.1 of the Port of Montreal.

PARTNER IN A SMART AND RESILIENT MARINE CORRIDOR

The LPA has actively contributed to the promotion of a smart and resilient marine corridor in Quebec.

The LPA continued its collaboration with TC, the Canadian Coast Guard ("CCG") and the Montreal Port Authority ("MPA") to find solutions that will enhance the safety, effectiveness and efficiency of transits on the river, particularly for larger ships and to maximize the use of the water column.

In order to promote navigational safety and efficiency, the LPA has established a multidisciplinary team to further structure and develop its marine simulation service, leveraging a system comprising three bridges. A business plan has been developed to oversee the marketing of this simulator. Now in operation and promoted among maritime industry players, we continue to assess training needs to gauge potential market opportunities.

The Authority also increased its participation in key forums and partnerships aimed at innovation and resilience in the field of navigation, and its collaborative research efforts resulted in the publication of scientific findings. It remained active on the advisory board chaired by the Finnish Government Pilotage Authority, which is studying the implementation of remote pilotage as part of a European project. In addition, the LPA is building relations at the national and international levels to promote sharing and innovation between public bodies working in the field of navigation and pilotage.

EMPLOYER OF CHOICE

Montréal's Top Employers 2024

For the fifth consecutive year, the LPA is among Montreal's best employers; a testament to its commitment to the deployment of exemplary human resources programs and practices.

In 2024, the LPA began updating its strategic plan and rolled out a master talent management plan for the period covering 2024 to 2027 that is aligned to organisational objectives. These two initiatives share the ambition of bringing the LPA's new common values to life and building a healthy, inclusive organizational culture conducive to progress and development, in an innovative and collaborative environment.

As part of this strategy, the Authority's salary structure has already been updated to ensure equity for jobs with similar values. In accordance with the federal *Pay Equity Act*, this new structure aims not only to guarantee salary equity between predominantly female and male positions, but also to attract the best talent by offering attractive and competitive working conditions. Also in line with new statutory obligations, and in compliance with the *Accessible Canada Act* and the *Accessible Canada Regulations*, the LPA has published its first accessibility plan, which reflects its commitment to contributing to the goal of an accessible and barrier-free Canada.

In the past year, the Authority also signed a memorandum of understanding with TC and the Canada School of Public Service ("CSPS") to strengthen employee development opportunities in addition to promoting good practices and values shared by the federal public service.

GOVERNANCE AND RESPONSIBILITIES

CONFORMITY WITH GOVERNMENT POLICIES AND REGULATIONS

The members of the LPA's team and its management personnel maintain regular contact with the designated authorities of the Government of Canada. The Authority respects government policies and instructions, and its financial management complies with the *Financial Administration Act*.

Government policies

The Authority complies with the laws and regulations enacted by the federal government and complies with government directives to which it is subjected. It supports the government by applying the various governmentwide priorities communicated to the LPA, such as those relating to transparency and access to information, gender equality, diversity and employment equity, Indigenous communities and sustainable development.

Audit regime

The Auditor General of Canada acts as the LPA's auditor. The Auditor General conducts an annual audit of the organization's activities in accordance with the *Financial Administration Act* by auditing the financial statements and ensuring that they comply with the *International Financial Reporting Standards* (IFRS).

GOVERNANCE PRACTICES

Board of Directors

Under the *Pilotage Act*, the LPA has a Board of Directors responsible for approving its strategic plan, including the recommendation of its corporate plan, finances and general stewardship.

The Board of Directors is comprised of seven members who sit as chairperson, vice chairperson and board members. The Chair is appointed by the Governor in Council, upon recommendation of the Minister, to hold office for a term that the Minister deems appropriate. The Minister, with the approval of the Governor in Council, appoints the other members of the Board for a term that the Minister deems appropriate. With the exception of the Chair, the terms of office of the members of the Board are for a maximum of four years, with the possibility of renewal. The LPA's Chief Executive Officer, who is a full-time officer, reports directly to the Board of Directors. At the end of 2024, four board positions needed to be filled.

In the past year, the Board met twelve times, including seven regular meetings, three special meetings, one annual meeting and one annual public meeting. During these meetings and those of its various committees (audit, governance and human resources, and sustainable development), the members focused on contract negotiations with the Corporation des pilotes du Bas-Saint-Laurent, risk management, financial performance, equity, diversity and inclusion, sustainable development, cybersecurity, as well as the development of the simulator and Optimized Pilotage Services.

On May 30, 2024, the LPA held its annual public meeting in downtown Montreal. During this exercise, the Interim Chairperson of the Board, the Chief Executive Officer of the LPA, the Chief, Marine Safety and Efficiency Officer, the Director in Finance, the Chief, Talent and Communications Officer, as well as the Chief, Legal Affairs Officer and Corporate Secretariat, each spoke with the audience about the activities carried out in 2023, in addition to presenting the strategic directions and objectives for 2024.

Board of Directors and Committees



Marie-Claude Cardin CPA, ICD.D	**George J. Pollack** LL.B., LL.L.	**Georges Farrah** ASC Certification
Chairperson of the Board of Directors and President of the Audit Committee	President of the Governance and HR Committee	President of the Sustainable Development Committee
Member since August 28, 2024	Member since September 7, 2018	Member since June 21, 2024

Management team

Marc-Yves Bertin
Chief Executive Officer

Julie Bédard
Chief Marine Safety
and Efficiency Officer

Claudine Bishop
CHRP, MBA
Chief Talent and
Communications Officer

Daniel Jodoin
Chief Innovation and
Commercialization Officer

Anaïs de Lausnay
LL.B., ASC, C.Dir
Chief Legal Affairs Officer
and Corporate Secretariat

Antony Sébastiampillai
CPA
Chief Finance and
Administration Officer

MANAGEMENT DISCUSSION AND ANALYSIS

In addition to the 2024 achievements described before in this annual report, the following provides comments and analyses from management regarding the most recently recorded financial results.

Financial results

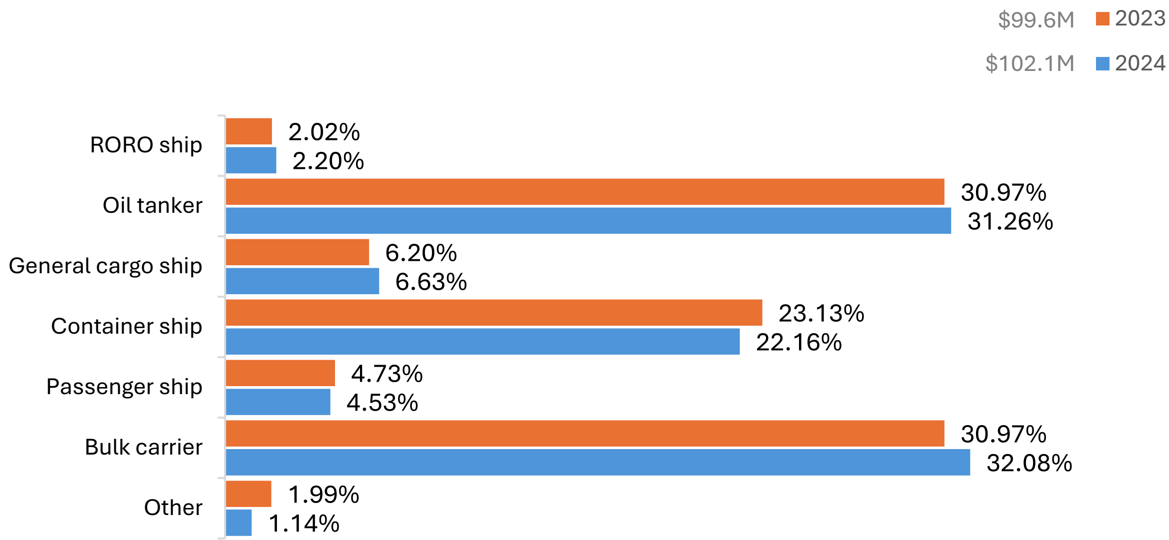
In 2024, total revenues amounted to $118.2 million, compared to $115.3 million the previous year. This increase is directly linked to an average increase of 4.7% in charges, in line with the industry, and a slight decrease in the actual traffic composition. Sound budgetary control combined with an increase in revenues led to a positive result of $1.0 million for the 2024 fiscal year, compared to $493,000 in 2023, which contributes to maintaining the reserve fund.

Pilotage charges

The LPA is mandated to evaluate and set pilotage charges payable by its clients. Such charges must be fair and reasonable while allowing the LPA to remain autonomous while sustaining operations and finance asset replacement.

At the end of 2024, the LPA submitted a pilotage charge review notice for 2025, in accordance with the established methodology. A new charge review schedule was produced in 2021 to ensure that the new rates for the following year can come into effect at the very start of the year, thereby avoiding revenue reporting discrepancies.

Revenue distribution by type of ship (2023 vs 2024)



Service contracts

Certain aspects of the LPA's pilotage services are subject to service contracts with subcontractors, in particular for ship operation and transhipment.

Licensed pilots employed by the LPA are contract pilots, not employees. These pilots are represented by two corporations with whom the Authority negotiates separate service contracts. The *Pilotage Act* does not allow competition. This greatly influences the negotiation dynamic between the Authority and pilot corporations, which hold a monopoly. Each year, the pilotage contracts account for around 80% of the Authority's total expenses. The outcome of contract negotiations therefore has a crucial impact on the Authority's current and future financial situation and on its capacity to respect the stated aim of the *Pilotage Act,* which requires that pilotage authorities set fair and reasonable charges while enabling them to maintain their financial self-sufficiency.

Pilotage services are supported by a pilot boarding service provided by a subcontractor to all ports, with the exception of Les Escoumins. Pilot boarding services provided by pilot boats represents around 10% of the Authority's total expenses.

Marine traffic

Marine traffic on the St. Lawrence and Saguenay Rivers varies significantly with the seasons. In winter, during the first quarter of the year, traffic is generally at its lowest level. Since the Seaway is closed to navigation during this period, the routes end in the Port of Montreal. Inclement weather and the presence of ice jams sometimes make navigation difficult, to the point of slowing down transits.

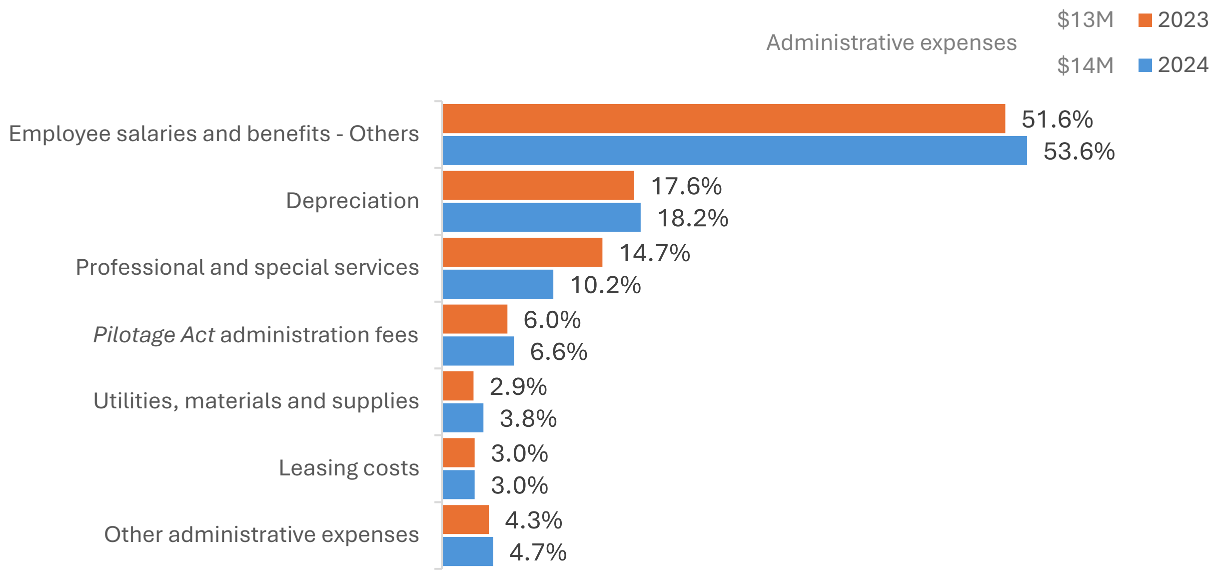
In the spring, during the second quarter, traffic gradually resumes its pace. Traffic usually peaks during the fourth quarter in the fall, with the arrival of dozens of international and domestic cruise ships. Before the winter shutdown of the Seaway, bulk carriers leave loaded with cereals, legumes, salt, sugar, ore, aluminum and steel.

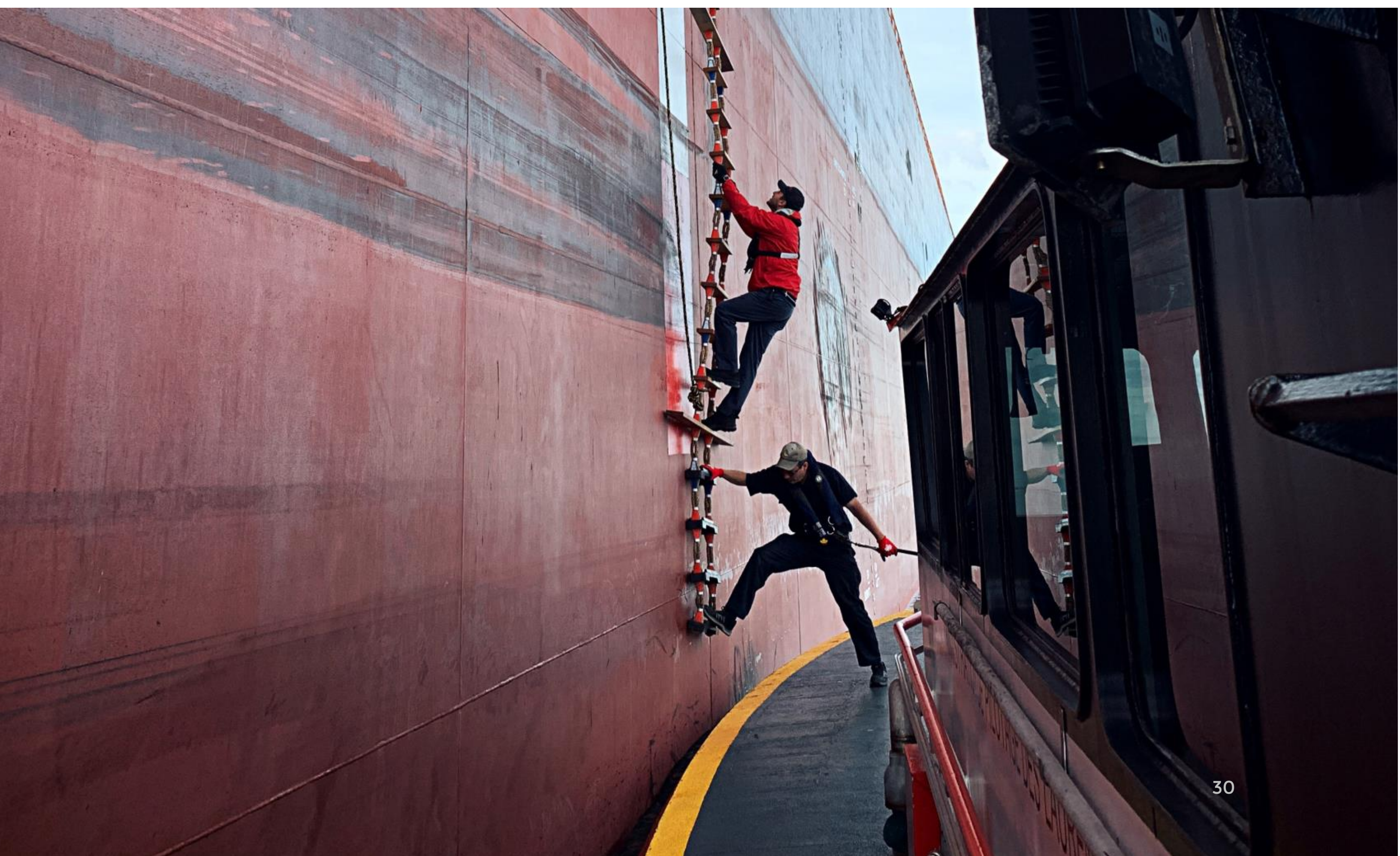
Fluctuating marine traffic is an important factor in planning cash inflows to meet the LPA's financial obligations, as are ship size and transit times. Notwithstanding a detailed analysis of the state of the current market and a thorough estimate of generated income, the Authority cannot predict or influence traffic volume in the coming months. Factors that affect traffic volume and over which the Authority has no control include:

- Provincial, federal, North American, and global economic contexts
- Weather conditions
- Value of the Canadian dollar on the international market
- Inflation, interest rates, and import/export taxes
- Competition with other modes of transportation
- Competition from U.S. and other Canadian ports
- Stability of labour relations in ports

Administrative expenses (2023 vs 2024)

Administrative expenses account for approximately 12% of the Authority's total expenditure. The largest proportion of these expenses is related to employee salaries and benefits, depreciation, and professional and special services.





Results analysis

Revenues

Traffic remained stable in 2024 compared to 2023, with a slight decrease of 1.2% in assignments. However, revenues generated through pilotage increased by $2.5 million, reaching $102.1 million compared to $99.6 million in 2023, an increase of 2.5%, mainly attributable to the increase in pilotage charges. Revenues from pilot boat operations increased by 0.1% compared to the previous year. In total, the LPA revenues reached $118.2 million in 2024, representing a net increase of 2.5% compared to 2023.

Pilotage and boarding fees

Pilotage fees payable to pilot corporations operating under the LPA's jurisdictions, along with pilot boat and shuttle operating costs, increased by $1.4 million, reaching a total of $103.3 million. This increase is the direct result of the various vessel characteristics considered when billing fees, combined with an increase in the cost of service contracts negotiated with the various suppliers.

Administrative and operational expenses

Administrative and operational expenses totalled $14.0 million in 2024, an increase of 6.9% compared to $13.0 million in 2023. This variation is mainly explained by the increase in personnel costs (+11.7%), attributable to the filling of vacant positions and salary adjustments, as well as by the increase in depreciation costs (+10.9%), costs related to the application of the *Pilotage Act* (+17.9%) and the costs of public services, supplies and procurement (+43.1%). Conversely, a decrease of 25.4% was observed in professional and special services, helping to mitigate the overall increase in costs.

Net income

Considering the revenues and expenditures detailed above, the Authority completed its 2024 fiscal year with a net income of $1.0 million, compared to $493K in 2023.

RISK MANAGEMENT

The LPA uses a corporate risk management framework to ensure that risks are properly identified, measured, and controlled, and that they are adequately monitored on a regular basis.

The following are some of the key risks that the LPA manages through robust risk mitigation strategies. These strategies are supported by a range of tools, including careful planning, ongoing training, and collaborative partnerships.

Impediments to navigation of any origin (natural or mechanical), including pilot error.	Incidents/accidents involving ships, LPA or subcontractors facilities, affecting the life, health, and safety of individuals, as well as the security of the LPA's assets.
Cybersecurity, major IT system failures, and risks related to new technologies.	Ability to attract and retain resources with the required expertise and skills, including marine crew (captains, deckhands, engineers, pilots).
Impacts of climate change on navigation and operations.	

2025 OUTLOOK

As we enter 2025, the global landscape presents a multitude of challenges and opportunities that will shape the coming year. One of the most significant factors influencing this landscape is the ongoing trade instability, primarily due to evolving US tariffs and their impact on global markets. These trade uncertainties, along with broader geoeconomic changes, will impact both the costs and availability of goods moving through Canada's waterways.

In this context, we must acknowledge the increased difficulty this environment presents in assessing and managing the impacts on our operational and financial objectives for the coming year. This volatility makes it increasingly difficult to forecast and plan with accuracy.

Likewise, our ability to adapt to these unpredictable times will be crucial to our continued success. We will need to remain focused on strategic agility, operational efficiency, and prudent financial management to navigate this uncertainty. This challenging environment highlights the critical importance of strengthening and deepening our commitment to our mission. To achieve this, we must place even greater emphasis on improving the resilience and efficiency of our operations.

This is where technology can play a role: by optimizing processes and achieving new levels of productivity through enhanced service offerings, we can maximize the value we deliver to Canadians, while adapting to a constantly evolving business landscape over the medium term. For example, we will continue to explore ways to optimize our transit management practices, examining how artificial intelligence and automation can further support our team's work. Action is needed now to ensure the long-term sustainability of our pilotage services in the face of medium-term climate, demographic, technological, and market trends.

To guide our efforts, our team will remain anchored in a set of key and enduring values. First, we must maintain our commitment to public interest, recognizing that our integrity in the face of change will be one of our greatest assets. Second, our commitment to excellence in service delivery and to our clients will be unwavering, ensuring that all our decisions are made with the expectations of our clients, partners, and team members in mind. Third, we will continue to prioritize collaboration, fostering an interdisciplinary environment with the right stakeholders working together to find innovative solutions. Finally, we must continue to make steady progress, building on sustainability, striving to support a future that is not only economically prosperous, but also socially and environmentally responsible.

With these values in mind, we approach 2025 with determination and resolve, confident in our ability to overcome the uncertainties ahead. The challenges of the coming year will be significant, but they also represent an opportunity to innovate, strengthen our operations, and ultimately make LPA an even more agile, efficient, and resilient organization.

STRATEGIC PRIORITIES

The LPA has adopted six strategic priorities to guide its decision-making and to help define and prioritize projects to be implemented by team members:

1. **Efficient pilotage:** Ensure high-performance pilotage services (effective, efficient, safe, reliable and resilient).
2. **Sustainable development:** Integrate sustainable development considerations into key aspects of our activities and promote it within the industry.
3. **Innovation:** Pursue innovation by developing, integrating and adopting technologies and drawing inspiration from best practices.
4. **Partnerships:** Promoting a resilient and interconnected corridor through collaborative and inclusive partnerships.
5. **High-performance team and organization:** Develop a high-performance collaborative culture and strengthen our organizational capabilities.
6. **Financial self-sufficiency:** Ensure a financial balance between fair charges and sound management.

These priorities will be reviewed over the next years to ensure optimal alignment with a changing domestic and international context.

APPENDIX A

2024 TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURE REPORT

In its 2021 federal budget plan, the Government of Canada mandated Crown corporations with less than $1 billion to adopt the *Task Force on Climate-Related Financial Disclosures* (TCDF) standards, or more rigorous or acceptable standards, and start reporting on their climate-related financial risks by 2024.

The TCDF recommendations are structured around four pillars:

1. **Governance:** The organization's governance around climate-related risks and opportunities
2. **Strategy:** The actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning
3. **Risk Management:** The processes used by the organization to identify, assess, and manage climate-related risks
4. **Metrics and Targets:** The metrics and targets used to assess and manage relevant climate-related risks and opportunities[1]

This is LPA's first set of disclosures on the four themes of the TCFD for the reporting period from January 1 to December 31, 2024. It builds upon LPA's commitment to advance its performance with respect to environmental, social, and governance, with a focus on decarbonization and climate resilience.

These disclosures will continue to evolve over time as we deepen our understanding of climate-related risks and opportunities and as we continue to integrate them into critical governance and decisional mechanisms. We will review our strategic pillars annually to ensure that they focus on our most material climate-related risks and opportunities.

Pillar 1: Governance

The LPA's Board of Directors is responsible for the overall governance of the Authority and ensures that significant business risks are identified and well-managed. The Board is accountable to LPA's shareholder, the Government of Canada, and reports to Parliament through the Minister of Transport.

LPA's Board of Directors has oversight of the Authority's Sustainable Development Policy and initiatives through the Sustainable Development (SD) Committee. The SD Committee focusses on policies, procedures and performance related to corporate sustainability, including climate issues and reports periodically to the Board on these matters to assist with its oversight and decision-making duties.

[1] Recommendations of the Task Force on Climate-related Financial Disclosures – Final Report, Figure 2, p. v.

Designated members of the LPA's Senior Management Team are accountable to the Board on the development and implementation of sustainable initiatives and an internal steering committee has been established to support the Senior Management Team in these tasks.

Pillar 2: Strategy

The mission of the Authority, as defined in the *Pilotage Act*, is to establish, operate, maintain and administer, in the interests of safety of navigation, an efficient pilotage service in the waters under its jurisdiction. Financially self-sufficient, the LPA carries out its activities with a view to protecting human health, property and the environment.

The LPA aspires to be a trusted partner in resilient, intelligent and sustainable pilotage systems and places a focus on environmental considerations in respects of its operations. The LPA has recently added the impacts of climate change as a key risk within its corporate risk management framework and is assessing risks under the following categories:

- Physical risks due to extreme weather events or increased climate variability
- Transition risks to support the federal carbon neutrality objective for 2050

The LPA is in the preliminary stages of collecting data to assess individual climate risks. At this stage, the following risks have been identified for further assessment:

2.1 - Climate-related physical risks

Risk	Potential impacts to LPA
Increase in extreme weather events (acute - event-driven) Risks linked to the increased frequency and intensity of climatic hazards (strong winds and heavy rain, floods, gusts, snowfall, forest fires or others) could cause service interruptions and damage infrastructure. **Increase of weather variability** (chronic-long term) Greater variations in water levels, stronger currents and higher risks of flooding and shoreline erosion, etc.	• Negative impacts on the continuity of pilotage service - including: ○ Challenges for crew of pilot boats and/or pilots to access the LPA's operational base in Les Escoumins or other pilot transfer stations along the St. Lawrence River, resulting in service interruptions and/or delays ○ Inability to navigate in safe conditions resulting in service interruptions and/or delays • Increased investments in repair and/or adaptation of LPA's operational assets (berth, pilot boats and maritime shuttle) • Effects of extreme temperatures on the health or availability of LPA's workforce • Negative impacts on APL revenues (reduction in the number of assignments or transit times)

	• Increased lead time and instability in pilotage and transportation costs caused by climate-related disruptions in the supply chain on the maritime corridor • Reputational impacts for the LPA and, more generally, for pilotage services in Canada

2.2 Climate-related transition risks

Risk	Potential impacts to LPA
Policy and legal Increased carbon pricing	• The risk that increased carbon pricing could adversely affect LPA's operating costs due to the LPA's overall fuel use (diesel for pilot boats/gasoline for the maritime shuttle)
Policy and legal New regulations aimed at increased efficiency	• Limited options for alternative fuels for existing pilot boats (suitability, costs, availability) • Increased investments for the purchase of less energy-consuming pilot boats/maritime shuttle
Technology Complexity of the transition to reduce the carbon footprint of the APL's pilot transfer activities	• Limited options for green propulsion considering the operational environment of pilot boats on the maritime corridor • Increased costs and complexity driven by clean technologies (crew training, maintenance, etc.) • Increased investments

Pillar 3: Risk Management

The LPA uses a corporate risk management framework (RMF), whereby the principal risks are those that could have a material impact on our financial position, operations or reputation. Risks are evaluated according to their probability of occurrence and potential impacts and are accompanied by concrete mitigation measures. Senior management issues regular reports to the Audit Committee regarding the risks to which the LPA is exposed.

As mentioned above, the LPA has started the assessment of individual climate-related risks per category. Going forward, the LPA will undertake a more in-depth review of climate risks and opportunities supported by internal and external experts. Once this process is further along, we can more effectively assess climate risk in the context of the LPA's RMF framework, including financial impacts of climate-related events.

Pillar 4: Metric and targets

In 2023, the LPA conducted its first greenhouse gas (GHG) inventory for the reference year 2022. This inventory was developed with the assistance of an external firm specializing in sustainable development and GHG impact measurement.

In June 2024, the federal government updated the *Greening Government Strategy*. As part of this update, Crown corporations are invited to publish information on their GHG emissions footprint in their annual reports which aligns with the Government of Canada's Federal *Greening Government Reporting Guidance*.

The LPA is in the process of further refining its GHG inventory to align with federal policies and an evolving understanding of its carbon footprint. For the year 2024 (1 January to 31 December 2024):

Scope 1
Direct GHG emissions generated from activities owned or controlled by the LPA in metric tonnes of carbon dioxide equivalent (tCO2e)

Scope 1	Total carbon emissions (tCO2e)
Transporting people by water (pilot transfer to ships). Emissions from marine diesel in marine vehicles owned by the LPA.	597
Others (fugitive emissions, etc.).	2.3
Total	**600**

Scope 2
Indirect GHG emissions linked to electricity purchased and consumed at LPA's facilities:

Scope 2 - Indirect emissions, electricity	Total carbon emissions (tCO2e)
Actual electricity consumption at Les Escoumins and estimated consumption of the Montreal office.	0.90
Total	**0.90**

Scope 3

Indirect emissions not included in Scope 1 and Scope 2:

The LPA is aware that its carbon footprint goes beyond the scope of its direct activities and extends to emissions that occur in its value chain (Scope 3). The LPA plans to gradually integrate these emissions into its inventory in future years based on relevancy and data availability. For 2024, the following emissions are included, considering the significant nature of the impact on the carbon footprint of the LPA's overall operations:

Scope 3	Total carbon emissions (tCO2e)
Transporting people by water (pilot transfer to ships done by a third-party supplier).	1,112
Total	**1,112**

FINANCIAL STATEMENTS

STATEMENT OF MANAGEMENT'S RESPONSIBILITY

The management of the Laurentian Pilotage Authority is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards ("IFRS") and for all other information presented in the annual report. This responsibility includes the selection of appropriate accounting principles and the exercise of careful judgment in establishing reasonable estimates. Financial information shown elsewhere in this annual report is consistent with that contained in the financial statements.

Management maintains books of account, financial and management controls, and information systems, together with management practices designed to provide reasonable assurance that reliable and relevant information is available on a timely basis. These systems and practices provide reasonable assurance that assets are safeguarded and controlled, that resources are managed economically and efficiently in the attainment of corporate objectives, and that operations are carried out effectively. These systems and practices are also designed to provide reasonable assurance that the transactions are in accordance with the *Pilotage Act* and its regulations, the *Financial Administration Act* and its regulations, notably the instruction given under article 89 pertaining to its travel, hospitality, conference and event expenditures, and the by-law and policies of the Authority.

The Board of Directors is comprised of Directors who are not employees of the Authority. The Board of Directors is responsible for ensuring that management fulfill its responsibilities for financial reporting and internal control. The Audit Committee oversees the entity's systems of internal accounting and administration control. The Committee meets with management and the auditors to satisfy itself that responsibilities are properly discharged and to discuss the audit of the financial statements. The financial statements are reviewed and approved by the Board of Directors on the recommendation of the Audit Committee.

The external auditor, the Auditor General of Canada, is appointed under the *Financial Administration Act* and the *Pilotage Act* and has audited the financial statements in accordance with Canadian generally accepted auditing standards. Her report outlines the nature of the audit and expresses her opinion on the financial statements of the Authority.

Marc-Yves Bertin
Chief Executive Officer
Montreal, Canada
March 28, 2025

Antony Sebastiampillai, CPA
Chief Finance and Administration Officer
Montreal, Canada
March 28, 2025

Office of the Auditor General of Canada | Bureau du vérificateur général du Canada

INDEPENDENT AUDITOR'S REPORT

To the Minister of Transport

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Laurentian Pilotage Authority (the Authority), which comprise the statement of financial position as at 31 December 2024, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Authority as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the IASB, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Authority or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Authority's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve

collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Authority to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Compliance with Specified Authorities

Opinion

In conjunction with the audit of the financial statements, we have audited transactions of the Laurentian Pilotage Authority coming to our notice for compliance with specified authorities. The specified authorities against which compliance was audited are Part X of the *Financial Administration Act* and regulations, the *Pilotage Act* and regulations, the by-law of the Laurentian Pilotage Authority, and the directive issued pursuant to section 89 of the *Financial Administration Act*.

In our opinion, the transactions of the Laurentian Pilotage Authority that came to our notice during the audit of the financial statements have complied, in all material respects, with the specified authorities referred to above. Further, as required by the *Financial Administration Act*, we report that, in our opinion, the accounting principles in IFRS Accounting Standards as issued by the IASB have been applied on a basis consistent with that of the preceding year.

Responsibilities of Management for Compliance with Specified Authorities

Management is responsible for the Laurentian Pilotage Authority's compliance with the specified authorities named above, and for such internal control as management determines is necessary to enable the Laurentian Pilotage Authority to comply with the specified authorities.

Auditor's Responsibilities for the Audit of Compliance with Specified Authorities

Our audit responsibilities include planning and performing procedures to provide an audit opinion and reporting on whether the transactions coming to our notice during the audit of the financial statements are in compliance with the specified authorities referred to above.

N. Chartrand

Nathalie Chartrand, CPA auditor
Principal
for the Auditor General of Canada

Montréal, Canada
28 March 2025

Laurentian Pilotage Authority

Statement of Financial Position as at December 31

(in Canadian dollars)

	2024	2023
Assets		
Current		
Cash and cash equivalents	$9,116,191	$5,765,926
Accounts receivable and other receivables (note 5)	16,023,128	14,457,200
Prepaid expenses	489,044	416,477
	25,628,363	20,639,603
Non-current		
Property and equipment (note 6)	19,513,454	21,098,365
Intangible assets (note 7)	2,259,700	2,045,123
Right-of-Use Asset	1,017,308	1,180,184
Total Assets	$48,418,825	$44,963,275
Liabilities		
Current		
Accounts payable and accrued liabilities (note 9)	$18,764,279	$16,255,706
Lease obligation	193,850	186,638
	18,958,129	16,442,344
Non-current		
Employee benefits	546,551	436,346
Lease obligation	1,249,731	1,443,588
Total Liabilities	20,754,411	18,322,278
Equity		
Retained earnings (note 11)	27,664,414	26,640,997
	27,664,414	26,640,997
Total Liabilities and Equity	$48,418,825	$44,963,275

Commitments (note 10) and Contingencies (note 14)

The notes to the Financial Statements form an integral part thereof.

Approved by the Board of Directors for publication on March 28, 2025:

Marie-Claude Cardin, CPA, ICD.D
Chairperson
Board of Directors

George J. Pollack, LL.B., LL.L.
Director
Board of Directors

Laurentian Pilotage Authority

Statement of Comprehensive Income for the Year Ended December 31

(in Canadian dollars)

	2024	2023
Revenues		
Pilotage charges	$102,096,078	$99,629,170
Pilot boat revenue	15,318,959	15,310,884
Pilot boat charter revenue	388,500	-
Interest revenue	296,970	303,870
Other revenues	112,154	69,952
	118,212,661	115,313,876
Expenses		
Pilot's fees	90,372,043	88,384,552
Pilot boat service – Outsourced	10,010,984	10,376,074
Employee salaries and benefits – Others	7,522,168	6,734,793
Depreciation and amortization	2,551,015	2,300,717
Employee salaries and benefits – Boarding services	2,040,035	1,914,761
Professional and special services	1,426,569	1,911,391
Pilotage Act administration fees	920,006	780,543
Pilot boats and shuttle maintenance and operating costs	731,764	1,103,122
Utilities, materials and supplies	532,421	372,110
Leasing cost	420,857	385,612
Transportation, travel and hospitality	201,677	150,430
Maintenance	159,237	127,399
Communications	81,121	88,175
Other charges	68,510	52,670
Insurance	64,463	68,010
Financial fees	61,081	70,777
Net loss on disposals of property and equipment and intangible assets	25,293	-
	117,189,244	114,821,136
Comprehensive Income for the Year	$1,023,417	$492,740

Statement of Changes in Equity for the Year Ended December 31

(in Canadian dollars)

	2024	2023
Retained earnings, beginning of the year	$26,640,997	$26,148,257
Comprehensive income for the year	1,023,417	492,740
Retained earnings, end of the year	$27,664,414	$26,640,997

The notes to the Financial Statements form an integral part thereof.

Laurentian Pilotage Authority

Statement of Cash Flows for the Year Ended December 31

(in Canadian dollars)

	2024	2023
Operating Activities		
Comprehensive income for the year	$1,023,417	$492,740
Adjustments to determine net cash flows generated by (used for) the operating activities:		
Depreciation and amortization	2,551,015	2,300,717
Interest on lease obligation	56,722	63,361
Change in long-term portion of employee benefits	110,205	34,996
Net loss on disposals of property and equipment and intangible assets	25,293	-
Interest income	(296,970)	(303,870)
Net change in working capital items:		
Change in account receivable and other receivables	(1,565,928)	(1,151,411)
Change in prepaid expenses	(72,567)	(230,259)
Change in accounts payable and accrued liabilities	2,326,825	(631,037)
Cash flows from operating activities	4,158,012	575,237
Investing Activities		
Acquisition of property and equipment	$(4,336)	$(1,795,395)
Acquisition of intangible assets	(872,805)	(1,026,728)
Government assistance received	-	318,814
Proceeds from disposal of property and equipment and intangible assets	15,792	-
Interests received	296,970	303,870
Cash flows from investing activities	(564,379)	(2,199,439)
Financing Activities		
Repayment of lease obligation	$(186,646)	$(180,006)
Interest paid on lease obligation	(56,722)	(63,361)
Cash flows from financing activities	(243,368)	(243,367)
Cash and Cash Equivalents		
Change for the year	$3,350,265	$(1,867,569)
Balance, beginning of the year	5,765,926	7,633,495
Balance, end of the year	$9,116,191	$5,765,926
Represented by:		
Cash	$9,116,191	$3,633,386
Cash equivalents	-	2,132,540

The notes to the Financial Statements form an integral part thereof.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

1. Authority and objectives

The Laurentian Pilotage Authority (the "Authority") was established in 1972 in Canada under the *Pilotage Act*. Its mission is to establish, operate, maintain and administer, for the safety of navigation, an effective pilotage service within certain designated Canadian waters in and around the Province of Québec. In accordance with the *Canada Marine Act* assented on June 11, 1998, that modified the *Pilotage Act*, the Authority no longer uses parliamentary appropriations.

The Authority is a Crown corporation listed under Part I of Schedule III to the *Financial Administration Act*. In July 2015, the Authority received a directive (C.P. 2015-1114) pursuant to section 89 of the *Financial Administration Act* to harmonize its travel, hospitality, conference and event expenditure policies, guidelines and practices with Treasury Board policies, directives and related instruments on travel, hospitality, conference and event expenditures in a manner that is consistent with its legal obligations and to report on the implementation of this directive in its next Corporate plan. The Authority has been complying with the instruction since 2016.

The Authority is not an agent of the Crown and is exempt from income tax.

The *Pilotage Act* regulates the approval process for the establishment and revision of pilotage charges. The Authority may, by resolution, determine the charges applicable for the provision of services involving compulsory pilotage. The Act provides that the pilotage charges must be fair and reasonable and allow the Authority to operate on a self-sustaining financial basis. Thus, the required pilotage charges are intended to create a reasonable financial reserve that allows the Authority to meet its current and future financial requirements related to the provision of compulsory pilotage services, among other things, the renewal of its property and equipment and intangible assets.

Under the *Pilotage Act*, the Authority must pay the Minister of Transport the amount specified by the Minister to cover the costs associated with the administration of the Act, including the development of regulations and the enforcement of the act.

2. Basis of preparation

Statement of compliance

The Financial Statements have been prepared in accordance with the International Financial Reporting Standards (IFRS).

Measurement basis

Unless otherwise specified, these Financial Statements have been prepared on a historical cost basis.

3. Material accounting policy information

The accounting policies set out below have been applied consistently to the periods presented in these Financial Statements.

Cash and cash equivalents

Cash includes amounts held by the Authority in the bank account and cash equivalents consist of amounts deposited in a savings account with a Canadian chartered bank.

Property and equipment

Property and equipment are recognized at cost less accumulated depreciation and accumulated impairment losses. The cost of property and equipment built by the Authority includes design, project management, materials and shipyard construction costs. When amounts are reported as work in progress, they are transferred to the appropriate class of property and equipment when the work is completed and are subsequently depreciated.

The depreciation of property and equipment is calculated on the depreciable amount, which is the cost of the asset less its residual value, on a straight-line basis, at rates based on the estimated useful life of the assets, except for leasehold improvements related to the leasing of buildings, which are depreciated over the lesser of the term of the lease or the estimated useful life. Where significant parts of a property and equipment have different useful lives, such parts are recognized as separate components of the property and equipment.

For the purposes of calculating the depreciation, the expected useful lives for each main class of property and equipment are the following:

Buildings and leasehold improvements	10 to 30 years
Pilot boats and shuttle	3 to 25 years
Furniture and fixtures	5 to 10 years
Communications equipment	5 to 10 years
Computer equipment	3 to 10 years
Boarding facilities	10 to 25 years
Wharfs	15 to 40 years

The depreciation methods, useful lives and residual values are reviewed at each fiscal year-end and adjusted prospectively as needed.

The gains or losses arising from the disposal of a property and equipment are determined by comparing the proceeds from disposal with the carrying amount of the item of property and equipment, and are recognized, based on the net amount, in the comprehensive income of the fiscal year.

Change in accounting estimate

During fiscal year 2024, the Authority revised the useful life of the pilot boats hull and mechanical components. The useful life was increased from 20 years to 25 years, following a recent technical analysis and a reassessment of operating conditions.

This change constitutes a change in accounting estimate, applied prospectively as of January 1, 2024, in accordance with applicable accounting standards.

The impact of this revised estimate is a reduction in depreciation expense of $110,715 for 2024 and subsequent years until the end of the useful life of the affected assets.

Intangible assets

Intangible assets are recognized at cost less accumulated amortization and accumulated impairment losses, and consist in the right to use a launching ramp used for the operation of the Authority's pilot boats, as well as in software and in contributions, made to pilot corporations, to purchase portable units.

For the purposes of calculating the amortization, the expected useful lives for each main class of intangible assets are the following:

Right to use a boat launching ramp	15 years
Software	3 to 8 years
Contributions for portable units	4 years

The amortization method, useful life and residual value of the intangible assets are reviewed at each fiscal year-end and adjusted prospectively as needed. The cost of intangible assets developed by the Authority includes the design and project management costs. The amounts reported as work in progress are transferred to the appropriate class of intangible assets when the work is completed and are subsequently amortized.

Impairment of non-financial assets

The Authority reviews the carrying amount of its non-financial assets, namely the tangible and intangible assets, at each fiscal year-end to identify any indication of impairment. If any such indication exists, the asset's recoverable value is estimated and impairment losses are recognized in the comprehensive income.

Revenue Recognition

The Authority's revenues come mainly from pilotage charges and pilot boat operation. These revenues are based on a known price and recognized at a specific point in time, namely at the time when the Authority has fulfilled its pilotage mandate or provided the pilot boat service. In exchange, the Authority recognizes a receivable since the consideration is due as soon as the service is rendered.

Financial instruments

Financial assets and financial liabilities are initially recognized at fair value.

Cash, cash equivalents, and accounts receivables are financial assets. After initial recognition, receivables are measured at amortized cost, and cash and cash equivalents are measured at fair value.

Accounts payable and accrued liabilities are financial liabilities. After initial recognition, they are measured at amortized cost.

Contingent liabilities

Contingent liabilities are potential liabilities that could become actual liabilities if one or more future events occur. If an event is likely to occur and a reasonable estimate of the liability to be incurred can be made, a provision is recognized and an expense recorded. If the probability of the event occurring cannot be determined or the amount involved cannot be reasonably estimated, a contingency is disclosed in the notes to the financial statements.

4. Use of estimates and judgment

In preparing Financial Statements, management must use judgments and make estimates and assumptions that affect both the application of accounting policies and the carrying amount of assets, liabilities, revenues and expenses.

a) Significant accounting estimates

Significant accounting estimates are estimates and assumptions made by management that may result in material adjustments in the amount of assets and liabilities within the next year. In preparing these Financial Statements, management has not made any significant accounting estimates, except for the useful lives of property and equipment and intangible assets.

b) Significant judgments

Significant judgments regarding the carrying amount of assets and liabilities involve assumptions made by management and are based on previous experience and various other factors deemed reasonable under the circumstances. Management's most important judgments involve the accounting treatment when determining the property and equipment and intangible asset components, the useful lives established for the depreciation of property and equipment and amortization of intangible assets, and the determination of the probability of occurence for contigent liabilities.

5. Accounts receivable and other receivables

	December 31, 2024	December 31, 2023
Accounts receivable	$14,400,784	$12,962,072
Other receivables	1,622,344	1,495,128
	$16,023,128	**$14,457,200**

6. Property and equipment

	Land	Buildings and leasehold improvements	Pilot boats and shuttle[1]	Furniture and fixtures	Communications equipment	Computer equipment	Boarding facilities	Wharfs	Work in progress	Total
Cost										
Balance as at January 1, 2023	$3,300	$1,017,943	$8,916,657	$352,645	$174,942	$2,825,018	$149,595	$13,591,025	$2,700,533	**$29,731,658**
Acquisitions	-	-	1,385,752	11,132	-	2,029,917	29,777	-	-	**3,456,578**
Disposals	-	-	-	-	-	(626,504)	-	-	-	**(626,504)**
Transfer - Work in progress	-	-	2,700,533	-	-	-	-	-	(2,700,533)	**-**
Balance as at December 31, 2023	$3,300	$1,017,943	$13,002,942	$363,777	$174,942	$4,228,431	$179,372	$13,591,025	$-	**$32,561,732**
Acquisitions	-	-	165,000	-	-	4,335	-	-	-	**169,335**
Disposals	-	(9,730)	(3,485)	(141,220)	(16,306)	(966,427)	-	-	-	**(1,137,168)**
Balance as at December 31, 2024	**$3,300**	**$1,008,213**	**$13,164,457**	**$222,557**	**$158,636**	**$3,266,339**	**$179,372**	**$13,591,025**	**$-**	**$31,593,899**
Accumulated depreciation										
Balance as at January 1, 2023	$-	$443,005	$3,945,726	$236,737	$123,480	$2,280,907	$44,542	$3,442,845	$-	**$10,517,242**
Depreciation for the year	-	63,067	569,491	27,065	25,359	491,029	10,496	386,122	-	**1,572,629**
Disposals	-	-	-	-	-	(626,504)	-	-	-	**(626,504)**
Balance as at December 31, 2023	$-	$506,072	$4,515,217	$263,802	$148,839	$2,145,432	$55,038	$3,828,967	$-	**$11,463,367**
Depreciation for the year	-	63,084	584,798	18,348	22,998	630,383	9,370	388,302	-	**1,717,283**
Disposals	-	(9,041)	(3,485)	(109,029)	(15,102)	(963,548)	-	-	-	**(1,100,205)**
Balance as at December 31, 2024	**$-**	**$560,115**	**$5,096,530**	**$173,121**	**$156,735**	**$1,812,267**	**$64,408**	**$4,217,269**	**$-**	**$12,080,445**
Net carrying amounts										
As at December 31, 2023	$3,300	$511,871	$8,487,725	$99,975	$26,103	$2,082,999	$124,334	$9,762,058	$-	**$21,098,365**
As at December 31, 2024	$3,300	$448,098	$8,067,927	$49,436	$1,901	$1,454,072	$114,964	$9,373,756	$-	**$19,513,454**

Note 1: The Authority leases its pilot boat to a third party. The cost as of December 31, 2024, of this pilot boat is $3,984,382 ($3,984,382 in 2023), the annual depreciation expense is $164,342 ($192,391 in 2023), the accumulated depreciation is $2,331,077 ($2,166,735 in 2023) and the net book value is $1,653,305 ($1,817,647 in 2023).

7. Intangible assets

	Right to use a boat lauching ramp	Software	Financial contribution for portable units	Work in progress	Total
Cost					
Balance as at January 1, 2023	$200,000	$2,732,912	$461,008	$-	**$3,393,920**
Acquisitions	-	853,715	-	173,013	**1,026,728**
Disposals	-	(249,741)	-	-	**(249,741)**
Balance as at December 31, 2023	$200,000	$3,336,886	$461,008	$173,013	**$4,170,907**
Acquisitions	-	-	572,805	316,748	**889,553**
Disposals	-	(513,474)	(461,008)	-	**(974,482)**
Transfer - Work in progress	-	173,013	-	(173,013)	**-**
Balance as at December 31, 2024	**$200,000**	**$2,996,425**	**$572,805**	**$316,748**	**$4,085,978**
Accumulated amortization					
Balance as at January 1, 2023	$163,403	$1,309,560	$336,460	$-	**$1,809,423**
Amortization for the year	13,324	428,615	124,163	-	**566,102**
Disposals	-	(249,741)	-	-	**(249,741)**
Balance as at December 31, 2023	$176,727	$1,488,434	$460,623	$-	**$2,125,784**
Amortization for the year	13,360	514,295	143,201	-	**670,856**
Disposals	-	(509,651)	(460,711)	-	**(970,362)**
Balance as at December 31, 2024	$190,087	$1,493,078	$143,113	$-	**$1,826,278**
Net carrying amounts					
As at December 31, 2023	$23,273	$1,848,452	$385	$173,013	**$2,045,123**
As at December 31, 2024	$9,913	$1,503,347	$429,692	$316,748	**$2,259,700**

8. Credit facility

The Authority has a credit facility in the form of a bank overdraft, authorized to a maximum amount of $1,500,000 in 2024 ($1,500,000 in 2023), bearing interest at the bank's base rate per annum. This bank overdraft is available as needed and renewable annually. It is secured by a $3,000,000 ($3,000,000 in 2023) first rank chattel mortgage on accounts receivable. As at December 31, 2024, the Authority was not using this overdraft (nil in 2023).

9. Accounts payable and accrued liabilities

	December 31, 2024	December 31, 2023
Accounts payable	$18,715,618	$16,051,115
Government assistance	-	159,407
Employee benefits	48,661	45,184
	$18,764,279	**$16,255,706**

10. Commitments

Commitments related to pilotage services and property and equipment and intangible assets

As at December 31, 2023, the Authority had entered into agreements for expenditures related to pilotage services and for property and equipment and intangible assets. The amounts contracted at the end of the reporting period but not yet incurred are the following:

2025	$1,318,509
2026	486,957
2027	183,682
	$1,989,148

Lease agreement

As of December 31, 2024, the Authority had entered into a lease agreement for the offices of its head office. The rental component of the obligation is recognized under "Lease obligation" in the Statement of Financial Position. The leasing payments for which the Authority has made a commitment and which should not be recognized as liabilities are presented below.

Less than 1 year	$420,917
Between 1 and 5 years	1,747,437
More than 5 years	547,403
	$2,715,757

Income-generating lease agreement

During the fiscal year ending December 31, 2024, the Authority entered into a lease agreement with a third party for a pilot boat. Lease income is based on the number of days the pilot boat is used by the third party.

11. Capital management

The Authority's capital structure consists of its retained earnings.

The Authority is subject to the financial management and accountability provisions of the *Financial Administration Act*, which imposes restrictions regarding borrowings and investments. On an annual basis, the Authority must receive approval for all borrowings from the Minister of Finance. The Act limits investments to bonds or other obligations of, or guaranteed by, His Majesty in right of Canada or any province, or any municipality in Canada. During the fiscal years ending December 31, 2024, and December 31, 2023, the Authority complied with the requirements of the Act.

The Authority manages its equity as a by-product of managing its revenues, expenses, assets, liabilities, and general financial dealings to ensure that its objectives are achieved effectively.

With respect to capital management, the Authority's objectives are as follows:

- To preserve the Authority's operations by maintaining sufficient capital to cover potential operating losses, to continue providing efficient pilotage services;
- To establish a reserve to meet future obligations, namely for capital expenditures.

The Authority conducts its business in such a way as to have at all times the amount of capital required to achieve these objectives. The capital structure is adjusted when changes affect the economic situation and the risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, the Authority may need to modify its pilotage service performance targets and its tariff structure for a given period. The Authority has not made any changes to its definition of capital or its capital management objectives, policies and processes since the previous fiscal year.

12. Related parties

The Authority is related in terms of common ownership to all departments, agencies and Crown corporations created by the Government of Canada. The Authority enters into transactions with these entities in the normal course of business on trade terms and conditions that apply to unrelated parties. These transactions are recorded at fair value. Other than disclosed elsewhere in these Financial Statements, related party transactions are not significant.

The other related party transactions entered into by the Authority are with key executives, including members of the Board of Directors. Their compensation were as follows:

	2024	2023
Compensation and other short-term benefits	$1,345,462	$1,480,786
Post-employment benefits	138,490	92,498
	$1,483,952	$1,573,284

13. Financial instruments

Fair value

The financial assets and liabilities include cash and cash equivalents, accounts receivable and accounts payable. Due to the short-term nature of these accounts, their carrying amount is considered to approximate their fair value.

Credit risk

Credit risk is the risk that the Authority will incur a financial loss if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. It arises primarily from the Authority's accounts receivable.

There is no significant credit risk with the Authority's accounts receivable as the *Pilotage Act* stipulates that the owner, master, and agent of a ship are jointly and severally liable for pilotage charges and provides a mechanism to withhold custom clearance if pilotage charges are unpaid. As at December 31, 2024, no receivable is delinquent (nil in 2023). The maximum credit risk associated with accounts receivable is $14,400,784 ($12,962,072 as at December 31, 2023). There is no concentration of accounts receivable.

The Authority deals only with Canadian chartered banks and recognized financial institutions and members of the Canadian Payments Association. The maximum credit risk associated with cash and cash equivalents is $9,116,191 ($5,765,926 as at December 31, 2023).

Interest rate risk

The interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates.

The Authority may be exposed to interest rate risk through the use of its operating credit facility, since it bears interest. As at December 31, 2024, the operating credit facility was not used (nil in 2023).

Liquidity risk

The liquidity risk is the risk that the Authority will not be able to meet its financial obligations as they fall due. The Authority must operate on a self-sustaining financial basis and is not funded through parliamentary appropriations; it is therefore dependent on funding sources and cash flows from operating activities to meet its funding requirements. The Authority manages this liquidity risk by monitoring its actual and projected cash flows on a continuous basis. In addition, as presented in Note 8, the Authority has a credit facility, which is available as needed and renewable annually.

The financial liabilities are due within a period of three months, except for an amount of $221,469, which is more than 3 months old.

None of the Authority’s risk exposure, objectives, policies and processes to manage and assess the liquidity risk have changed significantly from the previous fiscal year.

14. Contingencies

In the normal course of business, the Authority is subject to various claims or legal proceedings. Management believes that the final settlement of these claims is not expected to have a material effect on the financial statements.

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